

MONTANA BOARD OF HOUSING
TERMS AND CONDITIONS OF THE
HUD Section 184
Indian Housing Loan Guarantee Program

July 27,1995 (Revised 02/17/04)

(1) Each Mortgage Loan shall be insured by HUD under Section 184 Indian Housing Loan Guarantee Program.

(2) The fixed rate of interest on the Mortgage Loans shall be 5.00% per annum (rate subject to change at Board's discretion).

(3) The term of the Mortgage Loans shall be 30 years and such Mortgage Loans shall provide for complete amortization by maturity by equal monthly payments of principal and interest.

(4) The Servicer may deduct a monthly servicing fee at the annual rate of three-hundred-seventy-five thousandths of one percent (.375%) of the outstanding principal balance of Mortgage Loan. The servicing fee factor is .075.

(5) The acquisition cost of a Residence being financed by a Mortgage Loan shall include cost of completing the residence and unpaid SID assessments and must not exceed the limits specified under the Maximum Purchase Price Limits listed on the enclosed sheet. Land purchased with the residence shall not exceed the acreage limitation of the Small Tract Financing Act and the value of the land is not to exceed 35% of the loan.

(6) Except for Mortgage Loans on Residences located in certain targeted areas, the mortgagor shall not have owned a principal residence at any time during the three-year period preceding the date of execution of the Mortgage Loan.

(7) The three-year prior homeownership requirement is not applicable in certain targeted areas. Targeted areas are defined in Section 143 of the Internal Revenue Code of 1986, as amended, to include census tracts with population and income

characteristics specified and other areas of chronic economic distress meeting criteria set forth and approved as targeted areas by the Secretaries of the United States Department of Treasury and Department of Housing and Urban Development. The following areas are currently designated by the Board as Targeted Areas.

Blaine County	Sanders County
Deer Lodge County	Silver Bow County
Flathead County	Choteau Co-Census Tract 9401
Hill County	Daniels Co-Census Tract 9402
Mineral County	Sheridan Co-Census Tract 9402
Missoula County	
City of Billings:	
- Census Tract #3 - Railroad	
Tracks to far branch of	
Yellowstone River to State Avenue.	
City of Great Falls	

(8) The Residence to be financed shall be occupied as the mortgagor's principal residence, and no more than 15% of the total area of the residence may be used in a trade or business.

(9) Refinancings of existing Mortgage Loans are not eligible for purchase by the Board. Refinancings of construction period loans or other interim financings which have a term of 24 months or less are not considered refinancings of existing Mortgage Loans.

(10) Recapture tax provisions will not apply.

(11) A mortgagor can be obligated on only one Montana Board of Housing loan at a time.

(12) All funds available to purchase Mortgage Loans will be placed in a pool. Mortgage Lenders may reserve funds in this pool on a loan-by-loan, first-come, first-served basis. An eligible Mortgage Lender desiring to reserve funds must submit (1) the Mortgage Loan Reservation/Confirmation Report (BOH Form 99); (2) a copy of an executed Loan Application used by the Mortgage Lender; (3) a copy of an executed Buy/Sell Agreement; (4) verification of Annual Family Income and (5) a signed release of financial information form. Upon receipt of such documents and funds, the Board may reserve bond proceeds for 120 days to acquire Mortgage Loans on existing housing and 180 days to acquire Mortgage Loans for new construction. Such period may be extended upon payment of an additional one-fourth of one percent (.25%) for each 30-day extension, which shall

only be paid by the Mortgage Lender. If the Mortgage Loan is not acquired by the Board within this time period, a cancellation fee of .25% will be imposed.

(13) For purposes of applying the federal income requirements, the "Actual Gross Annual Income" of a mortgagor is the mortgagor's annualized gross income. Annualized gross income includes any and all income of the mortgagors and any other person who is expected to both live in the financed Residence and to be secondarily liable on the Mortgage Loan. (Exhibit I to the Mortgage Purchase and Servicing Guide) has been provided, to aid Mortgage Lenders in determining income. The maximum family income for all mortgagors in targeted and non-targeted areas, as the case may be, has been established by the Board as set forth in Exhibit A hereto.

(14) The Board will purchase Mortgage Loans at up to one hundred two percent (102%) of the face amount of the Mortgage Loan. The Mortgage Lender may not charge an origination fee or discount fee since MBOH is buying the loan at up to 102%.

(15) The Board reserves the right to charge the .25% cancellation fee. It is the policy of the Board to not charge the cancellation fee if the property does not appraise sufficiently to support the loan.

(16) Mortgage Loans shall be tendered for sale to the Board within 45 days following execution of the note by the mortgagor. If the Mortgage Lender fails to deliver such loans within 45 days after origination, the purchase price will be reduced by one-half of one percent (.5%) for each 30 days the loan is not delivered. To determine the accrued interest for purchase or payoff, multiply the number of accrual days by the outstanding principal balance, and divide by the 365 day factor 7300.00. Interest on monthly mortgage payments is calculated using the 360 day factor of 7200.00.

(17) Mortgage Lenders will be required to provide the Board with information regarding Mortgage Loans when requested by the Board to comply with the requirements of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

The monthly remittances and payoffs can be wired to:

Wells Fargo Bank West, N.A.
ABA #091000019
For Deposit to ACCT #0001038377
Credit: Montana Board of Housing
Servicer (3 digit #)_____
Receipt Code (3 digit #)_____

or ACH to:

Wells Fargo Bank West, N.A.
ABA #091000019
CK ACCT #0001038377
CR ACCT: MT BD OF HSG (Position 55-76; 22 characters)
Servicer (3 digit #)_____(Position 40-54; 15
characters)
Receipt Code (3 digit #)_____

Maximum Income Limits As Of February 17, 2004

Area	Small**	/	Large***
	<u>PROGRAM ELIGIBILITY</u>		
Billings/Yellowstone	\$53,600	/	\$61,640
City of Billings			
(Census Tracts 1 & 3)*	64,320	/	75,040
Blaine*	57,000	/	66,500
Choteau Co-Census Tract 9401*	57,000	/	66,500
Daniels Co-Census Tract 9402*	57,000	/	66,500
City of Great Falls*	57,000	/	66,500
Deer Lodge County*	57,000	/	66,500
Flathead County*	57,000	/	66,500
Gallatin County	56,000	/	64,400
Hill County*	57,000	/	66,500
Jefferson County	53,200	/	61,180
Lewis & Clark County	55,000	/	63,250
Mineral County*	57,000	/	66,500
Missoula County*	63,360	/	73,920
Rosebud County	47,900	/	55,085
Sanders County*	57,000	/	66,500
Sheridan Co-Census Tract 9402*	57,000	/	66,500
Silver Bow County*	57,000	/	66,500
Stillwater County	58,900	/	67,735
Other Counties and Areas	47,500	/	54,625

*Targeted Areas

**Small household is defined as two persons or less

***Large household is defined as three persons or more

<u>Maximum Purchase Price Limits (2/17/04)</u>			
Area	Existing Maximum Cost for New Construction	Maximum Mortgage for New	
<u>Construction**</u>			
Statewide (All Counties)	\$160,176	\$189,682	\$160,176

**Maximum Mortgage Limits for Existing homes are the Purchase Price Limits